

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 130 – SB 113

February 14, 2011

SUMMARY OF BILL: Effective upon becoming law, repeals the Education Professional Negotiation Act which authorizes teachers' associations or other professional unions to negotiate terms and conditions of professional services with local school boards, including salary and benefits. Any collective bargaining agreement currently in effect will remain in effect until the agreement's scheduled end date. Prohibits new collective bargaining agreements after the effective date of the bill.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – Local education agencies (LEAs) will reduce expenditures currently spent on litigation and negotiator stipends arising from collective bargaining agreements by \$435,000. LEAs may permissively reduce funding for insurance premiums and other negotiated items in the absence of collective bargaining agreements. This permissive decrease in local expenditures will be \$16,111,400.

Assumptions:

- According to the Tennessee School Boards Association, 92 of 136 LEAs have collective bargaining agreements.
- Currently, school boards appoint staff members to serve on collective bargaining agreement negotiation councils. One-third of the 92 LEAs (31) pay employee negotiator stipends that total approximately \$10,000 per LEA per year. The local expenditure for stipends is \$310,000 (\$10,000 x 31).
- Approximately five lawsuits are filed each year concerning collective bargaining agreements. This litigation will no longer occur. The cost of each case in attorney's fees and expenses is \$25,000. No damages are awarded in these cases. The cost is funded by local governments. Annual local expenditures for litigation are estimated to be \$125,000 (\$25,000 x 5).
- Total decrease in local expenditures for stipends and litigation are estimated to be \$435,000 (\$310,000 + \$125,000).
- According to information provided by the Tennessee School Boards Association, the average annual insurance premium per employee paid by school districts without a collective bargaining agreement is \$5,903. The average annual insurance premium per

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employee paid by school districts with a collective bargaining agreement is \$6,499. This is an average annual difference of \$596 per employee (\$6,499 - \$5,903). The local BEP maintenance of effort requirement does not apply to insurance premium expenditures.

- According to the Department of Education's 2010 Report Card, the total number of teachers in LEAs with collective bargaining agreements is 54,065.
- LEAs with collective bargaining agreements under current law may reduce their portion of teacher insurance premiums by an average of 50 percent of the premium difference. The permissive reduction in local expenditures will be \$16,111,370 (54,065 teachers x \$596 x 0.50).
- Tenn. Code Ann. § 49-3-306(b)(4)(B) prevents any reduction in teacher salaries. Separately, the local BEP maintenance of effort requirement will prevent any reduction in teacher salaries.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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